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December 5, 2019

Ms. Eileen Nottoli  
Kensington Police Protection and Community Services District  
217 Arlington Avenue  
Kensington, CA 94707

**Subject: Proposal to Assist with Review Bay View Refuse and Recycling Service's Increased Services and Rate Application Review Methodology**

Dear Eileen:

HF&H Consultants, LLC (HF&H) is pleased to submit this proposal to the Kensington Police Protection and Community Services District (District) to provide technical assistance to the District related to its contract with Bay View Refuse and Recycling Services, Inc. (Bay View).

## Background

The District and Bay View have been discussing the potential to extend their current contract through 2033. As part of these discussions, the District has inquired about additional services that may be required under state legislature, most notably SB 1383. Both the District and Bay View have agreed that there is a need for a future rate review to "true up" actual expenses incurred by Bay View and ensure that they are being compensated fairly for these services. As such, the District has requested that HF&H assist with creating a proposed methodology for the future review of these expenses.

## Scope of Work

We will perform the scope of work described below for a not to exceed fee of \$4,995 (\$6,835 with Optional Task). We have provided a list of tasks we will complete along with the proposed staff and the required hours to complete each task. If additional effort is required (e.g., more meetings or additional analysis), we will obtain approval prior to proceeding.

SCOPE OF WORK
1. <b>Project Initiation</b> – We will prepare for and meet with District staff and Bay View staff via conference call to discuss the scope of work and review Bay View's Financial Reports.

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<b>SCOPE OF WORK</b>	
2.	<b>Prepare Draft Rate Adjustment Methodology Language</b> – We will draft contract language describing methodology to perform the proposed review of Bay View’s actual costs in 2023. This language will include methodology for the inclusion of existing and anticipated future services (i.e. every week organics collection, HHW collection on request, etc.), the reasonableness of these costs to prior rate applications, performance standards and non-allowable costs, and acceptable levels of profit when compared to prior year baselines.
3.	<b>Discuss Proposed Rate Review Methodology and Revise Appropriately</b> – Review proposed methodology with both District and Bay View staff and receive comments.
4.	<b>Finalize Rate Adjustment Methodology Language</b> – Incorporate comments from Task 3 as needed and Finalize proposed rate review methodology for inclusion in District Staffs Addendum to the Agreement.
5.	<b>Optional Task</b> – Should the District desire HF&H will prepare for and attend one board meeting to support the District’s Proposed Addendum.

## Budget

<b>Kensington Police Protection and Community Services District                      Technical Assistance - Rate Review Methodology                      Fee Estimate</b>						
		M Sheehan	D Hilton	Administrative	Total	Proposed
		\$265	\$195	\$120	Hours	Cost
Task 1	Project Initiation	1	2	0	3	\$ 655
Task 2	Prepare Draft Rate Adjustment Methodology Language	2	8	2	12	\$ 2,330
Task 3	Discuss Proposed Rate Review Methodology and Revise Appropriately	2	3	0	5	\$ 1,115
Task 4	Finalize Rate Adjustment Methodology Language	1	2	2	5	\$ 895
Task 5	Attend Board Meeting (Optional)	4	4	0	8	\$ 1,840
<b>Total Budget Without Optional Task</b>		<b>6</b>	<b>15</b>	<b>4</b>	<b>33</b>	<b>\$ 4,995</b>
<b>Total Budget With Optional Task</b>						<b>\$ 6,835</b>

## SCHEDULE

We are prepared to start the project once we have received authorization to proceed. We anticipate the completion of the project no later than the end of January of 2020.

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If this proposal meets with your approval, please execute it by having an authorized District official sign below and return a copy to me. Please call me at (925) 977-6961 if you have any questions.

Very truly yours,  
HF&H CONSULTANTS, LLC



Marva M. Sheehan, CPA  
Vice President

ATTACHMENT A: HF&H Standard Hourly Rates and Billing Arrangements

*Approve scope of work at a not to exceed fee of fixed fee \$4,995 and other terms and conditions of the work to be performed by HF&H Consultants, LLC for the Kensington Police Protection and Community Services District as documented in this proposal dated December 5, 2019.*

Approved:

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

\_\_\_\_\_

Print Name

\_\_\_\_\_

Title

# ATTACHMENT A: STANDARD HOURLY RATES AND BILLING ARRANGEMENTS

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(Effective January 1, 2019)<sup>1</sup>

## Professional Fees

Hourly rates for professional and administrative personnel are as follows:

<u>Position</u>	<u>Rate</u>
President	\$290
Senior Vice President & Vice President	\$255 - \$285
Senior Project Manager	\$225 - \$250
Senior Associate/Project Manager	\$195 - \$235
Associate Analyst	\$145 - \$180
Assistant Analyst	\$120 - \$140
Administrative Staff	\$99 - \$120

## Direct Expenses

Standard charges for common direct expenses are as follows:

Automobile Travel	Prevailing IRS mileage rate
Airfare and Public Transit	Actual Cost

## Billing Policies

Our policy is to bill for our services based on the standard hourly rates of the staff member assigned, multiplied by the time required to perform the client-related tasks, plus the direct expenses as described above. In implementing this policy we adhere to the following practices:

- It is our standard practice to e-mail invoices to our clients, although hard copies of invoices can be sent to clients on request.
- We round to the nearest one-quarter hour (e.g., if two hours and 55 minutes are spent on a task, it is recorded as three hours, if two hours and 5 minutes are spent on a task, it is recorded as two hours). A minimum charge of one-quarter hour is charged for any client work performed in a day.
- We do not markup out-of-pocket expenses, however, we may charge administrative or professional time related to the provision of the goods and services associated with these charges.
- If subcontractors are used, HF&H reserves the right to charge a 5% markup should the subcontractor's services require cumbersome administrative oversight (e.g., multiple subcontractors; engagement turns out to solely require services of subcontractor, but HF&H as the prime must prepare billings).
- Mileage fees are based on the round-trip distance from the point of origin.
- If a client's change to a previously scheduled meeting results in penalties being assessed by a third party (e.g., airline cancellation fee), then the client will bear the cost of these penalties.

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<sup>1</sup> Litigation Support and Expert Witness Services are not covered by this schedule of fees and expenses.

# **ATTACHMENT A: STANDARD HOURLY RATES AND BILLING ARRANGEMENTS**

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While no minimum fee for a consulting engagement has been established, it is unlikely (given the nature of our services) that we can gain an understanding of a client's particular requirement, identify alternatives, and recommend a solution in less than twenty-four consulting hours.

## **Insurance**

We maintain the following policies of insurance with carriers doing business in California:

- Comprehensive General Liability Insurance (\$2,000,000 Occurrence/\$4,000,000 Aggregate)
- Workers' Compensation (\$1,000,000)
- Professional Liability Insurance (\$2,000,000 Occurrence/\$2,000,000 Aggregate)
- Hired and Non-Owned Auto Liability<sup>2</sup> (\$2,000,000)
- Umbrella Liability (\$3,000,000 Occurrence/\$3,000,000 Aggregate)

All costs incurred in complying with additional coverages or limits (excluding additional insured and waiver of subrogation endorsements) become the responsibility of the client and are not included in the fees for services or direct charges but are billed in addition to the contract at cost, plus any professional or administrative fees.

## **Invoices and Payment for Services**

Our time reporting and billing system has certain standard formats that are designed to provide our clients with a detailed invoice of the time and charges associated with their engagement. (We typically discuss these with our clients at our kick-off meeting.) We are also pleased to provide our clients with a custom invoice format but we will have to bill the client for time spent conforming our invoices to their unique requirements.

Billings for professional services and charges are submitted every month, in order that our clients can more closely monitor our services.

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<sup>2</sup> HF&H Consultants does not own any company automobiles.